

CHAPTER NO. 355**HOUSE BILL NO. 2073**

By Representatives McMillan, Head, Fitzhugh, Tindell, Shepard, Ferguson

Substituted for: Senate Bill No. 1991

By Senators Crutchfield, Henry, Kyle

AN ACT to amend Tennessee Code Annotated, Title 2, Title 3, Title 4, Title 5, Title 6, Title 7, Title 8, Title 9, Title 11, Title 12, Title 13, Title 16, Title 36, Title 37, Title 38, Title 39, Title 40, Title 41, Title 43, Title 44, Title 45, Title 49, Title 50, Title 51, Title 54, Title 55, Title 56, Title 57, Title 58, Title 59, Title 60, Title 61, Title 62, Title 63, Title 65, Title 66, Title 67, Title 68, Title 70 and Title 71 relative to the operation and funding of state government and to fund the state budget for the fiscal years beginning on July 1, 2002 and July 1, 2003.

WHEREAS, in accordance with Article II, Section 24 of the Constitution of the State of Tennessee, expenditures of the state shall not exceed revenues and reserves for a fiscal year; and

WHEREAS, from time to time it becomes necessary that certain changes in the general law must be made to ensure the proper and constitutional management and stewardship of the state of Tennessee; and

WHEREAS, in order to effectuate this proper fiscal management of the state for the fiscal years beginning July 1, 2002 and July 1, 2003, it may become necessary to reallocate distributions within the funds and reserves of the state of Tennessee, modify certain programs and institutions of the state, and revise the allocation and sharing of revenues between the state and its various counties and municipalities; now, therefore

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-4-124 is amended by deleting the section in its entirety.

SECTION 2. Tennessee Code Annotated, Title 4, Chapter 7, Part 2 is amended by adding the following as a new appropriately designated section:

“Implementation of salary increases pursuant to this part based on step schedules will be suspended for the fiscal year beginning July 1, 2003, and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to this part based on step schedules shall not include time of service between July 1, 2003 and June 30, 2004.”

SECTION 3. Tennessee Code Annotated, Section 8-7-201 is amended by adding the following new subsection:

“(g) Implementation of salary increases pursuant to the pay schedules prescribed in this section shall be suspended for the fiscal year beginning July 1, 2003 and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent

fiscal years, salary increases pursuant to pay schedules prescribed in this section shall not include time of service between July 1, 2003, and June 30, 2004.”

SECTION 4. Tennessee Code Annotated, Section 8-7-226 is amended by designating the existing language as subsection (a) and the following new language as subsection (b):

“Implementation of salary increases pursuant to the pay schedule prescribed in subsection (a) shall be suspended for the fiscal year beginning July 1, 2003, and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the pay schedule prescribed in subsection (a) shall not include time of service between July 1, 2003 and June 30, 2004.”

SECTION 5. Tennessee Code Annotated, Section 8-7-230 is amended by designating the existing language as subsection (a) and the following new language as subsection (b):

“Implementation of salary increases pursuant to the pay schedule in subsection (a) shall be suspended for the fiscal year beginning July 1, 2003, and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the pay schedule prescribed in subsection (a) shall not include time of service between July 1, 2003, and June 30, 2004.”

SECTION 6. Tennessee Code Annotated, Section 8-14-202(g) is amended by deleting the subsection in its entirety.

SECTION 7. Tennessee Code Annotated, Section 8-14-207(b) is amended by adding the following new subsection:

“(4) Implementation of salary increases pursuant to the pay schedule prescribed in subsection (b)(1) shall be suspended for the fiscal year beginning July 1, 2003, and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the pay schedule prescribed in subsection (b)(1) shall not include time of service between July 1, 2003, and June 30, 2004.”

SECTION 8. Tennessee Code Annotated, Section 8-14-207(c) is amended by adding the following new subsection:

“(5) Implementation of salary increases pursuant to the pay schedule prescribed in subsection (c)(1) shall be suspended for the fiscal year beginning July 1, 2003, and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the pay schedule prescribed in subsection (c)(1) shall not include time of service between July 1, 2003, and June 30, 2004.”

SECTION 9. Tennessee Code Annotated, Section 8-23-206(d)(2) is amended by inserting after the words “or otherwise” the following punctuation and words:

“, or to such person who would have been eligible for such automatic annual raises in years when no such raise was implemented pursuant to this act.”

SECTION 10. Tennessee Code Annotated, Title 8, Chapter 23, is amended by adding the following new section:

“Notwithstanding any law to the contrary, the commissioner of personnel, in consultation with the commissioner of finance and administration, the state treasurer and other affected agency heads, may develop and implement a plan to employ nurses under which an employee may accrue full benefits while working a reduced schedule.”

SECTION 11. Tennessee Code Annotated, Section 8-30-320(a)(1)(B) is amended by adding the following language between the second and third sentence of the subsection:

“Subject to certification by the commissioner of finance and administration that the rainy day fund is likely to fall below one hundred million dollars (\$100,000,000), any notice required by this section may be reduced to a period of time no less than thirty (30) days.”

SECTION 12. Tennessee Code Annotated, Section 9-4-211(a)(2) is amended by adding the following language as a new subsection (C):

“(C) The provisions of subsection (a)(2) of this section shall not apply for the fiscal year beginning on July 1, 2003 and ending on June 30, 2004.”

SECTION 13. Tennessee Code Annotated, Section 12-4-320(a) is amended by deleting the phrase “The board for licensing health care facilities shall,” and replacing it with the following phrase:

“The board for licensing health care facilities may,”

SECTION 14. Tennessee Code Annotated, Section 40-30-309 is amended by adding the following language as a new subsection (d):

“Notwithstanding any provisions of law to the contrary, any limitations on compensation and step increases that apply to district public defenders and assistant public defenders for the period of time beginning from the effective date of this act to June 30, 2004 shall also apply to post-conviction defenders and assistant post-conviction defenders. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the pay schedule prescribed in this section shall not include time of service between July 1, 2003, and June 30, 2004.”

SECTION 15. Tennessee Code Annotated, Section 38-6-102(d) is amended by deleting subsection (d) in its entirety.

SECTION 16. Tennessee Code Annotated, Section 50-6-127 is amended by deleting subsection (c) in its entirety.

SECTION 17. Tennessee Code Annotated, Section 55-4-103(h) is amended by deleting the year or word “2000” in both sentences and substituting instead the year or word “2006” in both sentences; by deleting the period “.” at the end of the first sentence of subsection (h) and by inserting the following language at the end of the sentence:

“; provided, however, that the issue of the new registration plates on January 1, 2006, and any subsequent fifth anniversaries shall be deferred to a later January 1 if funds for the reissue of the registration plates are not appropriated specifically in the general appropriations act.”

SECTION 18. Tennessee Code Annotated, Section 57-3-306, is amended by adding the following language as subdivision (b)(3):

“After making the distribution provided for in subsection (a) and subdivision (b)(2), but before the making the distributions provided for in subdivision (b)(1), nine percent (9%) of the amount otherwise allocated to counties shall be subtracted and distributed to the general fund.”

SECTION 19. Tennessee Code Annotated, Section 57-4-306, is amended by adding the following as new appropriately designated subdivisions:

“() Before making the distributions provided for in this section, nine percent (9%) of the amount otherwise allocated to the counties shall be transmitted to the general fund.

() Before making the distributions provided for in this section, nine percent (9%) of the amount otherwise allocated to municipalities shall be transmitted to the general fund.”

SECTION 20. Tennessee Code Annotated, Section 57-5-205, is amended by adding the following as new appropriately designated subdivisions:

() Before making the distributions provided for in this section, nine percent (9%) of the amount otherwise allocated to counties shall be transmitted to the general fund.

() Before making the distributions provided for in this section, nine percent (9%) of the amount otherwise allocated to municipalities shall be transmitted to the general fund.

SECTION 21. Tennessee Code Annotated, Section 4-6-110, is amended by deleting the language ", the Tennessee Preparatory School".

SECTION 22. Tennessee Code Annotated, Section 8-30-101(23)(H), is amended by deleting the language ", the Tennessee Preparatory School".

SECTION 23. Tennessee Code Annotated, Section 8-50-935, is amended by deleting the language ", the Tennessee Preparatory School".

SECTION 24 Tennessee Code Annotated, Section 37-5-106, is amended by deleting item (16) and renumbering the remaining subsections accordingly.

SECTION 25. Tennessee Code Annotated, Title 37, Chapter 5, Part 1, is amended by deleting § 37-5-121 in its entirety.

SECTION 26. Tennessee Code Annotated, Section 37-5-503(4), is amended by deleting the language "; and provided further, that the Tennessee Preparatory School is not excluded from approval pursuant to this part".

SECTION 27. Tennessee Code Annotated, Section 49-1-214(d), is amended by deleting the language ", the School for the Deaf, and the Tennessee Preparatory School" in its entirety and by substituting instead the language "and the School for the Deaf".

SECTION 28. Tennessee Code Annotated, Title 49, Chapter 50, Part 10, is amended by deleting § 49-50-1001 in its entirety and by substituting instead the following:

"Section 49-50-1001.

It is the duty of the state board of education to:

(1) (A) Control the Tennessee School for the Blind, the Tennessee School for the Deaf and the Alvin C. York Agricultural Institute; to elect, on the recommendation of the commissioner, the president, superintendents, teachers, officers and other employees for such schools; to fix, on the recommendation of the commissioner, the salaries and terms of office of such officers and employees; and to prescribe curricula and other requirements for diplomas and degrees.

(B) For the purposes of this part, the following definitions apply:

(i) "Commissioner" means the commissioner of education in any reference to the Tennessee School for the Blind, Tennessee School for the Deaf and the Alvin C. York Agricultural Institute;

(ii) "Department" means the department of education in any reference to the Tennessee School for the Blind, Tennessee School for the Deaf and the Alvin C. York Agricultural Institute.

(2) Receive donations of money, property or securities from any source for the benefit of the institutions named in subdivision (a)(1), which funds it shall, in good faith, disburse in accordance with the conditions of such gifts. Subject to the terms and conditions of legislative appropriations therefore, the board shall have the power to purchase land, to condemn land, erect buildings and equip the same for the schools on such terms as it may deem advisable and advantageous and to pay for the same out of funds appropriated or donated to or for the schools; and the board shall be vested with title to property so purchased or acquired;

(3) Administer the Tennessee School for the Blind and the Tennessee School for the Deaf and to exercise with respect to these schools all the powers conferred upon it by § 12-1-109 and chapter 10, parts 8 and 9 of this title. Any funds or appropriations for the maintenance, improvement and/or operation of these institutions shall be added to those made for other educational purposes to be expended under the direction of the state board of education;

(4) Approve the budgets of the Tennessee School for the Blind and the Tennessee School for the Deaf, before they are submitted to the

governor and commissioner of revenue for approval and transmission to the general assembly;

(5) Develop and adopt rules and regulations to achieve for the school year a duty-free lunch period for all teachers, kindergarten through grade twelve (K-12), of at least the length of the student lunch period, during which time the teacher has no other assigned responsibilities;

(6) Employ elementary guidance counselors consistent with the requirements for local education agencies set forth in § 49-6-303; and

(7) Promulgate rules providing employees of the Tennessee School for the Blind, the Tennessee School for the Deaf, the Alvin C. York Institute, and any other special school hereafter established, the right to appeal decisions of the commissioner relative to adverse job actions, to the full board. Rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5. Appeals filed pursuant to rules promulgated in compliance with this section shall be contested cases under title 4, chapter 5, part 3."

SECTION 29. Tennessee Code Annotated, Section 49-50-1002(a), is amended by deleting the language "the Tennessee Preparatory School,"

SECTION 30. Tennessee Code Annotated, Section 49-50-1003(a), is amended by deleting the language "the Tennessee Preparatory School,"

SECTION 31. Tennessee Code Annotated, Section 55-4-215(b) is amended adding the following language as a new part (4):

"(4) Before the revenue allocated in part (1) and (2) of this subsection are granted to the particular local arts organizations or events, an amount not to exceed three hundred ninety three thousand six hundred dollars (\$393,600) may be expended for other grants and activities as determined by the commission."

SECTION 32. Tennessee Code Annotated, Section 67-2-119, is amended by adding the following new language as a new section:

"(e) Before making the distributions as specified by this section to the cities and counties of this state, one-third (1/3) of the amount otherwise allocated to the cities and counties shall be transmitted to the general fund."

SECTION 33. Tennessee Code Annotated, Section 67-4-409(g) is amended by deleting the language in subsection (g) in its entirety and by replacing it with the following new language:

"Three and one-fourth cents (3.25c) of the tax levied by subsection (a) shall, subject to the annual appropriations act, be credited to a special agency account in the state general fund known as the "1986 wetland acquisition fund". If such an allocation is not made in the appropriations act then such amount shall be credited to the general fund."

SECTION 34. Tennessee Code Annotated, Section 67-4-409(i) is amended by deleting the language in subsection (i) in its entirety and by replacing it with the following new language:

“One and three-fourth cents (1.75c) of the tax levied by subsection (a) shall, subject to the annual appropriations act, be credited to a special agency account in the state general fund known as the “local park lands acquisition fund”. If such an allocation is not made in the appropriations act then such amount shall be credited to the general fund.”

SECTION 35. Tennessee Code Annotated, Section 67-4-409(j) is amended by deleting the language in subsection (j) in its entirety and by replacing it with the following new language:

“One and one-half cents (1.5c) of the tax levied by subsection (a) shall, subject to the annual appropriations act, be credited to a special agency account in the state general fund known as the “state land acquisition fund”. If such an allocation is not made in the appropriations act then such amount shall be credited to the general fund.”

SECTION 36. Tennessee Code Annotated, Section 67-4-409(l) is amended by deleting the language in subsection (l) in its entirety and by replacing it with the following new language:

“One and one-half cents (1.5c) of the tax levied by subsection (a) shall, subject to the annual appropriations act, be credited to a special agency account in the state general fund known as the “agricultural resource conservation fund”. If such an allocation is not made in the appropriations act then such amount shall be credited to the general fund.”

SECTION 37. Tennessee Code Annotated, Section 67-4-2004(2)(A)(iii), is amended by adding the following as a new subitem immediately after the existing subitem (f) and relettering the remaining subitems accordingly:

“(g) The holding of participation loans in which more than one (1) lender is a creditor to a common borrower.

SECTION 38. Tennessee Code Annotated, Section 67-4-2105, is amended by inserting the words and punctuation “except for a financial institution included in a unitary group of financial institutions otherwise subject to franchise and excise taxes,” immediately after the words and punctuation “Notwithstanding any other provision to the contrary,” in subsection (f).

SECTION 39. Tennessee Code Annotated, Section 67-4-2004(8), is amended by deleting the language in subsection (8) in its entirety and by replacing it with the following new language:

“Financial institution” means a holding company, any regulated financial corporation, a subsidiary of a holding company or a regulated financial corporation, an investment entity that is indirectly more than 50% owned by a holding company or a regulated financial corporation, or any other person that is carrying on the business of a financial institution. However, “financial institution” does not include insurance companies subject to tax under Tennessee Code Annotated, Sections 56-4-201 through 56-4-214;

SECTION 40. Tennessee Code Annotated, Section 67-4-2004, is amended by adding the following as a new subitem and renumbering the remaining subitems accordingly:

“Investment entity” means any person that receives more than 50% of its gross income from investment securities and from the business of a financial institution;

SECTION 41. Tennessee Code Annotated, Section 67-4-2004, is amended by adding the following as a new subitem and renumbering the remaining subitems accordingly:

“Investment securities” means for purposes of this section any note, United States treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate debt securities, participations in securities backed by mortgages held by the United States or state government agencies, loan-backed securities, bonds, debenture, evidence of indebtedness, and other similar debt investments;

SECTION 42. Tennessee Code Annotated, Section 67-4-2017(a)(1) is amended by adding the following language as a new subsection (G):

“(G) Before making the distributions provided for in this subsection, nine percent (9%) of the amount otherwise allocated to the counties shall be transmitted to the general fund. Before making the distributions provided for in this subsection, nine percent (9%) of the amount otherwise allocated to the municipalities shall be transmitted to the general fund.

SECTION 43. Tennessee Code Annotated, Section 67-6-103(a)(1) is amended by deleting the word and figures “Twenty-nine and two hundred and forty-six ten thousandths percent (29.0246%)” and replacing them with the words and figures “Twenty-nine and forty-three hundred seventy-nine ten thousandths percent (29.4379%)”.

SECTION 44. Tennessee Code Annotated, Section 67-6-103(a)(3)(A) is amended by deleting the words and figures “Four and fifty-nine hundred twenty-five ten thousandths percent (4.5925%)” and replacing them with the words and figures “Four and twenty-four hundred sixty-two ten thousandths percent (4.2462%)”.

SECTION 45. Tennessee Code Annotated, Section 67-7-110(b) is amended by deleting the words and figures “three percent (3%)” and replacing them instead with the words and figures “eleven and seventy-three hundredth percent (11.73%)”.

SECTION 46. Tennessee Code Annotated, Section 67-6-710, is amended by adding the following as a new appropriately designated subdivision under subsection (f):

“(3) Before making the distributions to counties of revenue from taxes authorized by § 67-6-702(g) as provided in this subsection, nine percent (9%) of the amount otherwise allocated to counties shall be transmitted to the state general fund.”

SECTION 47. Tennessee Code Annotated, Section 68-1-1503(a) is amended by deleting the phrase “The commissioner of health shall:” and replacing it with the following phrase:

“The commissioner of health may:”

SECTION 48. Tennessee Code Annotated, Section 68-1-1503(b) is amended by deleting the phrase "The commissioner of health shall establish," and replacing it with the following phrase:

"The department of health may establish,"

SECTION 49. Tennessee Code Annotated, Section 68-49-101 is amended by deleting the phrase "The department of health shall establish" and replacing it with the following phrase:

"The department of health may establish"

SECTION 50. Tennessee Code Annotated, Section 70-1-309 is amended by inserting after the word and punctuation "fiscal year." The following language:

"Implementation of salary increases pursuant to such salary administration plan shall be suspended for the fiscal year beginning July 1, 2003 and ending June 30, 2004. In the fiscal year beginning July 1, 2004, and in subsequent fiscal years, salary increases pursuant to the salary administration plan shall not include time of service between July 1, 2003, and June 30, 2004."

SECTION 51. Tennessee Code Annotated, Title 4, Chapter 3, Part 10 is amended by adding the following language as a new section:

(a) Notwithstanding any provision of the law to the contrary, subject to the specific provisions of an appropriation act, the commissioner of finance and administration is authorized to deny carry forwards for, and to transfer funds from, the funds, reserves accounts or programs identified in subsection (c) to the state general fund for the purpose of meeting the requirements of funding the operations of state government for the fiscal year ending June 30, 2003. The authorization provided for in the preceding sentence shall not apply to allow the transfer of any fund balances which are mandated by federal law to be retained in such fund. This authority shall apply to transfers and carry forwards necessary to fund the expenditures for the state for the fiscal years ending June 30, 2003 and June 30, 2004.

(b) No funds shall be transferred unless specifically appropriated in an appropriations act and such funds shall only be expended in accordance with the provisions of such act.

(c) Transfers are authorized from the following funds, reserve accounts and programs:

(1) Tennessee Housing Development Authority assets funds created or referenced in title 13, chapter 23, part 4;

(2) Parole and probation supervision and rehabilitation accumulated fees created or referenced in title 40, chapter 28, part 2;

(3) Department of correction work release supervision and rehabilitation accumulated fees created or referenced in title 40, chapter 28, part 2;

- (4) Temporary assistance for needy families Families First Program created or referenced in title 71, chapter 3, part 1;
- (5) Department of Safety computerized titling and registration system accumulated fees created or referenced in title 55, chapter 4, part 1;
- (6) Wetland acquisitions fund created or referenced in title 67, chapter 4, part 4;
- (7) Wetland compensation fund created or referenced in title 11, chapter 14, part 4;
- (8) Local parks land acquisition fund created or referenced in title 67, chapter 4, part 4;
- (9) State lands acquisition fund created or referenced in title 67, chapter 4, part 4;
- (10) State land compensation fund created or referenced in title 11, chapter 14, part 4;
- (11) Agriculture resource conservation fund created or referenced in title 67, chapter 4, part 4;
- (12) Alcohol and drug addiction treatment fund created or referenced in title 40, chapter 33, part 2;
- (13) Traumatic brain injury fund created or referenced in title 68, chapter 55, part 4;
- (14) Finance and administration electronic fingerprint imaging systems fund created or referenced in title 67, chapter 4, part 6;
- (15) Tennessee bureau of investigation finger print criminal history data base accumulated fees created or referenced in title 39, chapter 17, part 13;
- (16) Tennessee bureau of investigation expunged criminal offender pretrial diversion data base accumulated fees created or referenced in title 38, chapter 6, part 1 and title 40, chapter 32, part 1;
- (17) Department of safety driver education fund created or referenced in title 67, chapter 4, part 6;
- (18) Department of education driver education fund created or referenced in title 67, chapter 4, part 6;
- (19) Motorcycle rider safety fund created or referenced in title 55, chapter 51, part 1;
- (20) Sex offender treatment program created or referenced in title 39, chapter 13, part 7;

- (21) Industries for the blind fund created or referenced in title 71, chapter 4, part 4;
- (22) Voting machines loan fund created or referenced in title 2, chapter 9, part 1;
- (23) Domestic violence community education fund created or referenced in title 36, chapter 3, part 6;
- (24) Tennessee judicial information system fund created or referenced in title 16, chapter 3, part 8;
- (25) Tennessee advisory commission on intergovernmental relations accumulated balances or carry over funds created or referenced in title 4, chapter 10, part 1;
- (26) Safe schools program created or referenced in title 49, chapter 6, part 43;
- (27) Special schools created or referenced in title 49, chapter 50, part 10;
- (28) Notwithstanding T.C.A. Sections 54-2-102 and 54-2-103 or any other provision of law to the contrary, department of transportation funds in the highway fund or other funds created or referenced in titles 54, 55, 57, 65 and 67;
- (29) Fraud and economic crimes funds created or referenced in title 40, chapter 3, part 2;
- (30) Emergency communications funds created or referenced in title 7, chapter 86, part 1;
- (31) Deferred revenue account created or referenced in title 65, chapter 1, part 2 and any other reserve fund maintained by the Tennessee regulatory authority;
- (32) Health service development agency fund created or referenced in title 68, chapter 11, part 16;
- (33) Oil and gas reclamation fund created or referenced in title 60, chapter 1, part 4;
- (34) State board of accountancy fund created or referenced in title 62, chapter 1, part 1;
- (35) Nursing home residents fund created or referenced in title 68, chapter 11, part 8;
- (36) Agricultural regulatory fund created or referenced in title 43, chapter 1, part 7;

(37) Dairy promotion board fund created or referenced in title 44, chapter 19, part 1;

(38) Hazardous waste remedial action fund created or referenced in title 68, chapter 212, part 2;

(39) Voluntary cleanup fund created or referenced in title 68, chapter 212, part 2;

(40) Underground storage tanks fund created or referenced in title 68, chapter 215, part 1;

(41) Surface mine reclamation fund created or referenced in title 59, chapter 8, part 2;

(42) Divorcing parents mediation fund created or referenced in title 36, chapter 6, part 4;

(43) Division of regulatory boards fund created or referenced in title 56, chapter 1, part 3;

(44) Child safety fund created or referenced in title 55, chapter 9, part 6;

(45) Health access incentive fund created or referenced in title 66, chapter 29, part 1;

(46) Solid waste fund created or referenced in title 68, chapter 211, part 8;

(47) Used oil collection fund created or referenced in title 68, chapter 211, part 10;

(48) Drycleaner environmental response fund created or referenced in title 68, chapter 217, part 1;

(49) Minority owned telecom business fund created or referenced in title 65, chapter 5, part 2;

(50) Real estate education and recovery education fund created or referenced in title 62, chapter 13, part 2;

(51) Real estate education and recovery claims fund created or referenced in title 62, chapter 13, part 2;

(52) Auctioneer education and recovery fund created or referenced in title 62, chapter 19, part 1;

(53) C.I.D. anti-theft fund created or referenced in title 55, chapter 3, part 2;

(54) Railroad inspection fee created or referenced in title 65, chapter 3, part 2;

(55) Utility relocation loan program fund created or referenced in title 67, chapter 3, part 20;

(56) Education trust fund created or referenced in title 49, chapter 3, part 3;

(57) Environmental protection fund created or referenced in title 68, chapter 203, part 1;

(58) Lead based paint abatement fund created or referenced in title 68, chapter 131, part 4;

(59) Employment security special administration fund created or referenced in title 50, chapter 7, part 5;

(60) Insurance fees created or referenced in title 56, chapter 2, part 5; title 56, chapter 4, part 1; title 56, chapter 6, part 1; title 56, chapter 14, part 1; title 56, chapter 32, part 2; title 56, chapter 35, part 1; and title 55, chapter 18, part 1;

(61) Reserves for casualty losses created or referenced in title 12, chapter 3, parts 6 and 9;

(62) Health related board fund created or referenced in title 63, chapter 1, part 1:

SECTION 52. Tennessee Code Annotated, Section 67-4-1708, is amended by deleting subsection (c) in its entirety and substituting instead the following language:

“(c) All persons who were licensed or registered to engage in a vocation, profession, business, or occupation subject to this tax on June 1, 2003, but who were exempt from the tax on that date because of the operation of the provision on Section 7(b) of Chapter 856 of the Public Acts of 2002, and who continue to hold such license or registration on June 30, 2003 are hereby declared to be liable for the tax imposed by this part, which shall be payable on June 30, 2003.”

SECTION 53. Tennessee Code Annotated, Section 67-4-1709, is amended by deleting the language of that section in its entirety and substituting instead the following:

“(a) Each individual licensed or registered to engage in a vocation, profession, business, or occupation listed in § 67-4-1702(a) shall be liable for the tax. Any employer, including any governmental entity, may choose to remit the tax imposed by this part on behalf of persons subject to the tax who are employed by such employer.”

SECTION 54. Tennessee Code Annotated, Section 2-12-209(a) is amended by designating the current language as subsection (a)(1) adding the following as a new language as a new subsection (a)(2):

“In years in which the secretary of state is required to reduce the department of state’s budget, the secretary is authorized to reduce any appropriations authorized by this section up to nine percent (9%).”

SECTION 55. Tennessee Code Annotated, Title 8, chapter 3, Part 1 is amended by adding the following language as a new appropriately designated section:

(a) The secretary of state is authorized to accept donations from persons, political subdivisions, foundations, corporations, firms or any other business entity for the express purpose of publishing the Tennessee Blue Book. The secretary of state shall control all aspects of the publication and distribution of the book including, but not limited to, complete editorial control, quantity published and distribution. No benefactor shall have authority to interfere with any aspect of development, publication, quantity published or distribution of the book.

(b) The secretary of state will determine the amount of money needed to publish the quantity desired and shall have the sole authority to select the benefactor(s). The funds received shall be used for the publication and distribution of the book. Such funds shall not revert to the general fund but shall be carried forward to the next fiscal year and remain available to the secretary of state until expended for the publications and distribution of future editions. None of these funds shall be used for the payment of employees’ salaries.

(c) Acknowledgement of the chosen benefactors shall be included in the preface of the book. An appropriate acknowledgement shall be given based on generosity of the benefactor. Acknowledgement shall be in the form of a letter from the secretary of state acknowledging the gift in a separate listing in the preface of the book. Notwithstanding any provisions of the law to the contrary, a benefactor shall have the first option of being chosen as the benefactor(s) of the next edition of the Tennessee Blue Book.

(d) The secretary of state shall maintain a list of all benefactors that shall include names, addresses and the amount of the benefactor’s donation. Such a list shall be open and available to public inspection.

SECTION 56. Tennessee Code Annotated Section §71-1-104 (b) is amended by deleting the “.” at the end of the subsection and inserting the following language and punctuation as follows:

“, unless the State finds in its sole discretion that it is in the State’s best interest to allow such property and production equipment to be sold to such contractor or his successor at such time as the contractor or his successor shall cease operating a workshop for the benefit of the blind. If the State deems it appropriate to convey such property and production equipment to the contractor, then the amount of remuneration to be paid by the contractor or its successor to the State shall be determined at the time the real property and production equipment is originally conveyed to the contractor, to be based upon the appraised value of the real property and production equipment at the time of the original conveyance to the contractor.”

SECTION 57. Tennessee Code Annotated, Section 4-31-108(i)(6) is amended by adding the following language at the end of the sentence of the subitem:

“in accordance with the applicable provisions of the general appropriations bill.”

SECTION 58. Tennessee Code Annotated, Section 41-8-106(g) is amended by adding the following new language at the end of the subsection:

“The rate of this compensation to the said counties shall be determined by and is subject to the level of funding authorized in the appropriations bill.”

SECTION 59. Tennessee Code Annotated, Section 49-3-306(d), is amended by deleting the second sentence.

SECTION 60. Tennessee Code Annotated, Section 49-3-352, is amended by adding the following sentence at end of subsection (c):

“Notwithstanding the provisions of this section or any other provisions of the law to the contrary, in any fiscal year in which state-shared revenues distributed to counties are reduced below the levels distributed to counties in the 2002-2003 fiscal year, any or all to the accumulated fund balance may be used for education purposes without restrictions.”

SECTION 61. Tennessee Code Annotated, Section 55-4-274(b) is amended by deleting such subsection in its entirety and replacing it instead with following new language:

“(b) Effective July 1, 2003, the funds derived from the sale of such Radnor Lake new specialty earmarked license plates, less the expense the state has incurred in designing and manufacturing such plates, shall be allocated to The Friends of Radnor Lake in accordance with the provisions of Section 55-4-215. Such funds shall be used exclusively to protect, preserve and promote the natural integrity of Radnor Lake Natural Area in Davidson County.”

SECTION 62. Tennessee Code Annotated, Section 68-11-830(d)(2)(B) and 68-11-830(d)(10) are amended by deleting the language "July 15, 2003" in both subsections and substituting instead the language "July 15, 2005" in both subsections.

SECTION 63. Notwithstanding the provision of Section 8-6-104 or any other law to the contrary, the salary of the attorney general and reporter during the fiscal year 2003-2004 shall be the same as during the fiscal year 2002-2003. There shall be no cost of living or other adjustment to such salary during fiscal year 2003-2004.

SECTION 64. Tennessee Code Annotated, Section 4-31-104, is amended by adding the following new sections as follows:

“() For purposes of financing the acquisitions and improvements of facilities previously financed under the provisions of part 7 hereof and from funds available, to lend moneys to local government units to be repaid with revenues of such facilities under such terms and conditions deemed appropriate by authority.”

SECTION 65. Tennessee Code Annotated, Title 4, Chapter 31, Part 1, is amended by adding the following new section:

“4-31-1__

(a) The authority may enter into loan agreements with any local government unit and any local government unit may enter into loan agreements with the authority for loans for acquisitions and improvement of facilities previously financed under provisions of Part 7 hereof.

(b) Any loan agreement may include such provisions as may be agreed upon by the authority and the local government and shall additionally include, in substance, the following:

(1) The amount of the loan as determined by the authority;

(2) An agreement by the authority to pay part of the amount of the loan to the local government unit during the progress of the acquisition or improvement, or to pay the amount of the loan following completion of the acquisition or improvement, as may be agreed upon by the parties; and

(3) An agreement by the local government unit:

(A) To proceed expeditiously with and complete the project;

(B) To commence operation of the project on its completion, and not to discontinue operations or dispose of the project without the approval of the authority;

(C) To operate and maintain the project in accordance with applicable provisions of this part and in compliance with rules and regulations of the authority;

(D) Not to contract with any corporation for profit, private person or firm for that operation of the same notwithstanding the provisions of any law authorizing such contracts, except upon approval by the authority of an application to the authority;

(E) To pledge any available sources of revenue to make payment according to a schedule established by the authority, and to make such payments; and

(F) To establish and maintain adequate financial records for the project, and to cause to be made an annual audit of the financial records and transactions covering each fiscal year in accordance with generally accepted government auditing standards, and to furnish a copy of such audits to the comptroller.

(c) The authority may promulgate any additional rules or regulations concerning the contract and charges in operations of a capital project.

SECTION 66. No expenditure of public funds pursuant to this act shall be made in violation of the provisions of Title VI of the Civil Rights Act of 1964, as codified in 42 United States Code 2000(d).

SECTION 67. Tennessee Code Annotated, Title 9, Chapter 4, Part 51, is amended by adding the following language as a new appropriately designated section:

“9-4-5116. No state funds shall be expended to perform abortions. The limitations established in this section shall not apply to an abortion if:

(1) The pregnancy is the result of an act of rape or incest;

(2) In the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless the abortion is performed.”

SECTION 68. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 69. Sections 37 through 41 of this act shall take effect upon becoming a law and shall apply to tax years ending on or after June 15, 2003, the public welfare requiring it.

SECTION 70. Sections 33 through 36 of this act shall take effect on August 1, 2003 and shall be repealed on June 30, 2007, at which time the provisions of Tennessee Code Annotated amended by Sections 33 through 36 of this act shall be revived and shall be in effect as they existed immediately prior to the effective date of Sections 33 through 36 of this act.

SECTION 71. Sections 18 through 20, 32, and 42 through 46 of this act shall take effect August 1, 2003, the public welfare requiring it.

SECTION 72. Sections 52 and 53 of this act shall take effect upon becoming a law, the public welfare requiring it. Section 52 is repealed effective September 1, 2003, at which time the provisions Tennessee Code Annotated amended by Section 52 of this act shall be revived and shall be in effect as they existed immediately prior to the effective date of Section 52 of this act.

SECTION 73. There is established within the general fund the state-shared revenue reduction mitigation account. Any amounts in the state-shared revenue reduction mitigation account shall be applied by the commissioner of finance and administration to offset reductions in state-shared revenues allocated to local governments pursuant to the provisions of this act so that such reductions shall not exceed nine percent (9%) of state-shared revenues that otherwise would have been allocated to any such local government. Funds shall be restored on a pro rata basis taking into account the percentage reduction to each local government from each state-shared revenue source.

SECTION 74. All other sections of this act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 28, 2003



JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 16th day of June 2003



PHIL BREDESEN, GOVERNOR